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The role of diamonds in fuelling conflict

Letter dated 8 December 2010 from the Permanent Representative of Israel to the United Nations addressed to the Secretary-General

It is my distinct honour, on behalf of the Chair of the Kimberley Process, and pursuant to paragraph 24 of General Assembly resolution 64/109, entitled "The role of diamonds in fuelling conflict: breaking the link between the illicit transaction of rough diamonds and armed conflict as a contribution to prevention and settlement of conflicts", to transmit the 2010 Kimberley Process report (see annex) and to request that the present letter and its annex be circulated as a document of the General Assembly, under agenda item 32.

(*Signed*) Meron **Reuben**
Ambassador
Permanent Mission of Israel to the United Nations

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Annex to the letter dated 8 December 2010 from the Permanent Representative of Israel to the United Nations addressed to the Secretary-General

Report of the Kimberley Process Certification Scheme to the General Assembly for 2010

Submitted by the State of Israel, Chair of the Kimberley Process for 2010

Introduction

1. The State of Israel submits the present report in its capacity as Chair of the Kimberley Process Certification Scheme (KPCS) for 2010, pursuant to General Assembly resolution 64/109, in which the Assembly requested the Chair of the Kimberley Process (KP) to submit a report to the Assembly at it sixty-fifth session on the implementation of the Process. The report covers developments since the submission of the report of Namibia as Chair dated November 2009 and includes the final communiqué of the Jerusalem plenary meeting, held from 1 to 4 November 2010 (appendix I).

2. The Kimberley Process is a joint government, industry and civil society initiative, established to prevent the flow of "conflict diamonds" (rough diamonds whose trade finances rebel groups) into legitimate international trade. Recognizing the link between trade in conflict diamonds and armed conflict and its devastating impact on peace, safety and security of people, the KP aims to break this link, thereby contributing to the prevention of conflict. The KPCS is implemented by each participant country through national laws and the establishment of a system of internal controls, designed to eliminate the presence of conflict diamonds from shipments of rough diamonds imported into and exported from its territory. A large majority of all diamond producing, trading and processing countries are participating in the KP.

3. The KP has benefited from the support of the international community since its establishment, in particular with the landmark General Assembly resolution 55/56 (2000) supporting efforts to establish a certification scheme for rough diamonds. Each year since then, the General Assembly has debated the role of diamonds in fuelling conflict, and reaffirmed its support for the scheme. In addition, the Security Council supported the scheme in its resolution 1459 (2003), and requested information and assistance from the KP in subsequent resolutions (referring to Côte d'Ivoire and Liberia), and made compliance with KP requirements the basis for lifting diamond sanctions in the case of Liberia. These resolutions have provided the KP with international legitimacy and credibility. In 2003, the World Trade Organization granted a waiver for the KPCS, which it renewed in December 2006.

Contribution of the Kimberley Process to international peace and security

4. Since the establishment of the KPCS in 2003, there has been a dramatic improvement in the security situation in several diamond-producing countries, notably Angola, the Democratic Republic of the Congo, Liberia and Sierra Leone

and some of their neighbouring countries. Implementation of the KPCS has significantly contributed to this improved security environment. The only current case of conflict diamonds is in Côte d'Ivoire. Trade in Ivorian diamonds is prohibited by KP rules and by a Security Council embargo.

5. All available data suggests that more rough diamonds than ever before are being handled in accordance with the provisions of the KPCS and less than 1 per cent of total world production can be described as conflict diamonds. Nearly all diamond producing and trading centres implement the KPCS. The KPCS has resulted in a clear separation of illegal and legal markets for rough diamonds, reducing the market price of illicit diamonds compared to that of legitimate diamonds, while increasing the risks from involvement in illicit trade.

Achievements during 2010

6. The Jerusalem plenary adopted three procedural administrative decisions regarding procedures for preparation and adoption of documents/decisions in the KP, procedures for respecting confidentiality within the KP and terms of reference for the Chair and Vice-Chair of the Kimberley Process. In addition, the plenary adopted an administrative decision on the use of Kimberley Process Certificates-based data.

7. Recognizing the importance of strengthening efforts to address diamond smuggling, the KP Chair for 2010 (Boaz Hirsch) identified enforcement as a key priority for the Chairmanship of Israel. It is with this in mind that workshops were held in a number of participant countries such as Guinea, Côte d'Ivoire, Sierra Leone and Liberia, initiated by the Governments of Canada and the United States of America and facilitated by Partnership Africa Canada. In addition, an enforcement seminar was held on 24 June 2010 at the end of the KP intersessional meeting in Tel Aviv. The seminar featured presentations by Customs representatives from different countries, the World Customs Organization (WCO) and representatives of the diamond industry. It also hosted discussions on ways to address diamond smuggling using development, governance and enforcement solutions. A further discussion on enforcement was held during the plenary meeting and an administrative decision on cooperation enhancement with the WCO was adopted. The cooperation is intended to formulate means of cooperation between the KP and the WCO by collaborations between Customs agents and KP focal points, intelligence-sharing and training of Customs agents and other enforcement officials.

8. The KP has become aware that over the course of time numerous instances have arisen when shipments of non-conflict diamonds have been held up, and in some cases seized, as a result of the implementation of the KPCS, to the detriment of all parties involved and, in some cases, undermining confidence in the goals and purpose of the KPCS. In the hope of preventing such occurrences, Israel as Chair initiated the establishment of a Sub-Working Group on Trade Facilitation, under the auspices of the Working Group on Monitoring, with the purpose of developing mechanisms to address obstacles to trade based on technical non-KPCS compliance circumstances.

9. The KP recognized the importance of enhancing the administrative efficiency of the Process. Israel as Chair initiated an administrative decision to establish an ad hoc committee for exploring the modalities of enhancing the efficiency of the KP. This decision looks towards providing administrative support for the activities of the

Process, and it was decided that the ad hoc committee should explore possible means and/or mechanisms to provide administrative support for the functioning of the KP in accordance with the KP core document. The committee will prepare a proposal for the steps to be taken to carry out the periodic review of the KPCS as provided for in section VI, point 20, of the KPCS core document under "Review Mechanism" and for the future establishment of an ad hoc committee on KPCS review.

Participation: a more inclusive Kimberley Process

10. The KP has remained open on a global, non-discriminatory basis to all countries and regional economic integration organizations willing and able to fulfil the minimum requirements of the KPCS. The KP welcomed the application by the Kingdom of Swaziland to become a participant in the KP and decided that its application will be considered as accepted without further plenary approval, once the Participation Committee has verified and approved the Kingdom of Swaziland's final implementation of KP minimum requirements in its domestic system. Once this step has been completed, the admission of Swaziland to the KP will be confirmed by a KP Chair notice. As at 4 November 2010, the KP had 49 members (including the 27 States members of the European Union, which participates as a single participant represented by the European Commission) thus representing 75 countries (appendix II). Burkina Faso and Kazakhstan attended the Jerusalem plenary and affirmed their intention to join the KP. Panama, Peru, Kenya, Mali and Mozambique have all expressed their interest in future application to the KP.

11. The KP took note of the results of the 2010 annual reporting process on KPCS implementation, as the main comprehensive and regular source of information on KPCS implementation by participants, and welcomed the submission of annual reports by 47 participants representing 73 countries. The plenary requested the KP Chair to engage with the two participants (Lebanon, Bolivarian Republic of Venezuela) that have so far failed to submit their annual reports so that they conform to this requirement.

12. The Participation Committee (PC) expressed its concern regarding non-compliance with the KPCS minimum requirements by the Bolivarian Republic of Venezuela and Lebanon and calls upon those countries to comply with their commitments to the KPCS as a matter of urgency.

13. At the KP plenary meeting in India in 2008, the Bolivarian Republic of Venezuela voluntarily separated itself from the KPCS for a period of two years, suspending exports and imports of rough diamonds. As indicated in the final communiqué of the 2008 plenary meeting, all other rights and obligations remain unaffected, including the right to participate in KP meetings and working groups, as well as the obligation to continue submitting its annual reports to the Working Group on Monitoring (WGM), as stated in section VI of the KPCS core document, and to the Working Group on Statistics, as stated under annex III to the KPCS core document. As the two-year separation period came to an end in November 2010, the KP Chair contacted the Bolivarian Republic of Venezuela several times in order to pave the path for their renewed integration into the KPCS. At the 2010 plenary meeting, the delegation of Brazil conveyed a message on behalf of Venezuela stating that they have decided to extend their self-suspension for an additional year. The plenary decided to accept the extension of Venezuela's self-suspension from the

KPCS for an additional one-year period, upon the condition of Venezuela's submission of its annual report for 2009 and subject to written procedure.

Monitoring and peer review: a vital tool for improving effectiveness

14. During the past year, review visits were conducted in Belarus and Bangladesh. Such visits are vital to the KP's perseverance as they are the foundations for compliance as well as effective implementation of KPCS standards in member countries. Visits of a similar nature are expected to take place in diamond-producing countries such as Botswana, Canada, Lesotho and South Africa and in manufacturing countries such as India and Ukraine and also trading centres such as the United States of America.

15. The Working Group on Monitoring received a presentation documenting concerns regarding the possible involvement of two rebel groups in the Central African Republic in diamond mining and trading. While the Government of the Central African Republic expressed concern with some of the findings, there was agreement that continued KP monitoring of the situation was essential.

16. During the first half of 2010, the KP Monitor to Marange conducted two visits to the region in order to assess the overall compliance of Zimbabwe with KPCS minimum standards with regard to diamonds mined in the Marange region, according to the outline of the Joint Work Plan accepted in the Swakopmund plenary in 2009. Despite significant progress achieved by Zimbabwe in moving towards the goal of full compliance with the KPCS in the Marange diamond fields, some issues have remained outstanding. Following the inability to determine the extent of Zimbabwe's compliance during the intersessional meeting in Tel Aviv, an additional meeting of the KP stakeholders was convened in the Russian Federation. The latter conference, held in Saint Petersburg, saw the promulgation of a scheme which allowed Zimbabwe to export two batches of Marange diamonds, mined after 28 May 2010, under supervision consistent with the terms of the Joint Work Plan. A review mission, led by Mr. A. Kpandel Fayia, Deputy Minister of Mines of Liberia, and consisting of representatives from Australia, Ghana, India, Namibia, South Africa, the United States of America, the World Diamond Council, Global Witness and Green Advocates, visited Zimbabwe in August 2010 to further evaluate Zimbabwe's compliance. The team submitted its report to the KP secretariat on 29 October 2010. As no agreement was reached during the plenary meeting over the restoration of export of diamonds from Marange, a further meeting of the major stakeholders was convened in Brussels. At the time of writing of this report, the findings of the review team and its implications for Zimbabwe's request to restore unsupervised diamond exports under the KP framework are still being discussed.

17. In 2010 the Working Group on Monitoring has conducted discussions regarding methods intended to increase coordination among participating Governments on the subject of detection of fraudulent certificates and exchange of information in cases of infringement. Further discussions on clarifying the relations between the implementation of the KPCS and human rights were also conducted and will continue to be held in the future.

Statistics

18. Statistics form an integral part of monitoring, and accordingly participants are required to submit statistics on a quarterly basis. As at 4 November 2010 three participants (Malaysia, New Zealand, Bolivarian Republic of Venezuela) have not complied with all of the statistical requirements of the KPCS.

19. The members of the Working Group on Statistics had completed 48 country analyses for 2009 by the time of the writing of this report, with the remaining one analysis (United States of America) yet to be completed.

20. In 2011, the Working Group on Statistics is expected to launch a pilot programme that will identify possible data anomalies. The purpose of this exercise is to review the KPCS data in a timely manner and on a quarterly basis. The expected results are that the Working Group on Statistics will be able to identify data anomalies prior to the annual country statistical analyses. The idea is to review the trade, production, and KP certificate count statistics from one period to the next and discuss these anomalies within the Working Group.

Technical assistance

21. Technical assistance from various participants and observers remains a key element of the KP, in order to assist the full implementation of the KPCS, improve the collection of information and data, advance reporting capabilities of the import/export national authorities and assist all working groups and review missions of the KP in performing their tasks within the framework of the KPCS.

22. In 2010 participants and observers continued to provide technical assistance to facilitate KP implementation. Namibia provided support to Zimbabwe to assist investors in Marange in the establishment of internal controls and a diamond valuation system. The European Union and the World Diamond Council supported the efforts of the KP Monitor to oversee Joint Work Plan progress. The Russian Federation provided assistance to Kazakhstan to begin efforts to join the KP. The United States, Canada, Israel, and Partnership Africa Canada collaborated to support the enforcement seminar and in particular in the conduct of national profile seminars in West Africa. Brazil provided training and guidance to regional governments regarding internal controls. Belgium continued to support an Egmont Institute study on artisanal mining. The Diamond Development Initiative continued efforts to further discussions on mechanization in the Working Group on Artisanal and Alluvial Production.

23. The Technical Experts Team on "import confirmation" and "Internet trading" submitted its preliminary finding to the Working Group on Monitoring and requested it to further steer actions of technical expert teams to assess implementation of import confirmation requirements and conduct research into cross-border Internet sales. The workplan of the Technical Experts Team on Internet trading was endorsed by the Working Group on Monitoring.

Technical issues and traceability

24. Through the Working Group of Diamond Experts, the KP has been continuing its work of footprinting diamonds from Guinea, Liberia and Sierra Leone in order to bolster the capacity of the West African KP authorities to address potential contamination of their own productions by sanctioned Ivorian diamonds. The

Working Group is also continuing its work on the geological production capacity of Guinea, and the update of the footprint and preliminary production estimate of Marange diamonds from Zimbabwe.

25. The scientific Sub-Group on Characterization and Identification of Rough Diamonds of the Working Group of Diamond Experts is conducting preparatory work and scientific research on origin determination of sanctioned diamonds from Côte d'Ivoire as mandated by Security Council resolution 1893 (2009). However, to date no diamond exports for scientific research under the exemption regime have been realized.

26. The Working Group of Diamond Experts has completed the collection of the data in order to establish a valuation data matrix. This information will be available to KP participants through the KP website.

27. In addition, the Working Group of Diamond Experts is continuing its work on amending the explanatory notes of the relevant HS-codes and is progressing well. These amendments are expected to result in a significant reduction of classification challenges.

Internal controls over artisanal/alluvial production — a key priority for the Kimberley Process

28. The Working Group on Artisanal and Alluvial Production is bestowed with the mandate to facilitate effective internal controls of small-scale artisanal alluvial diamond mining in line with the recommendations of the KP's Moscow Declaration of 2005. The challenges faced by the Working Group stand at the core of the KP as artisanal and alluvial diamond mining account for a significant proportion of the international diamond production, while the livelihood of millions of miners and diggers depends on such labour.

29. The Working Group on Artisanal and Alluvial Production has focused in 2010 on several key issues intended to enhance the capacity-building of the Working Group. It has regularly updated the measures taken to reinforce the internal controls. Members of the Working Group participated in workshops organized by the Diamond Development Initiative underscoring the theme of diamonds as an engine for development. In 2010 the Working Group has also overseen a number of highly significant issues such as fraud and smuggling of diamonds, illegal immigration as a result of artisanal mining activity and aspects concerning the basic rights of artisanal miners. The Working Group remains closely coordinated with the Diamond Development Initiative in order to continue developing ethical standards of diamond mining and human rights in diamond alluvial activity. A study on these issues will be presented to the next plenary in 2011.

Civil society — maintaining the unique nature of the Kimberley Process

30. In the past year, civil society has continued to play a crucial role within the KP framework, a role that is central to the tripartite essence of the Process involving participating Governments, industry representatives and civil society groups. The contribution of civil society to the KP was manifested, inter alia, through the organizations of seminars and workshops, such as the ones mentioned in paragraph 7 above.

31. Further contribution by civil society involved submitting proposals on facilitating the implementation of KP standards by the participating Governments and making recommendations to KP working groups. A considerable number of non-governmental organizations attended the plenary meeting, during which active participation of civil society was noticeable amid Working Group meetings. Civil society called on Governments to renew and strengthen their commitment to the KP and to engage civil society more closely at the national level.

Cooperation with international organizations

32. The KP recognizes the importance of cooperation with the United Nations as well as additional international organizations. In the case of the United Nations, discussions concerning the enhancement of cooperation with the United Nations Groups of Experts on Côte d'Ivoire and Liberia were held during the past year and during the plenary meeting. In addition, the Group of Experts on Côte d'Ivoire and the Panel of Experts on Liberia requested the assistance of the KP in providing statistical information on the trade of rough diamonds from these countries. The KP provided both bodies with the information requested (through access to the KP statistics website), after receiving an assurance of confidentiality from both bodies.

33. During the plenary meeting, a representative of the United Nations Panel of Experts on Liberia presented recent findings to the Working Group on Monitoring. The ongoing cooperation with the United Nations and its bodies is important to the KP and reaffirms the strong ties between the KP and the international community.

34. As mentioned in paragraph 7, the KP initiated cooperation with the World Customs Organization and adopted an administrative decision on the facilitation of cooperation between the KP and the WCO, underscoring the need for international cooperation between national and international enforcement organizations. The implementation of the agreement, designed to narrow the scope of diamond smuggling, will be monitored by the Working Group on Monitoring and the Working Group of Diamond Experts.

Future challenges

35. Since its inception, the Kimberley Process has presented a track record of substantial success in curtailing illicit trade in conflict diamonds worldwide. Yet the undertaking of abolishing such trade is by no means complete. Being a voluntary process, the capacity of the KP to withstand future challenges rests upon the goodwill and scope of commitment by participating Governments to apply the KPCS minimum standards. In this regard, wide-ranging international cooperation, compounded by the spirit of partnership that underpins the KP, is crucial for the Process to achieve its ultimate objective.

36. In order to effectively apply the KPCS, Governments must commit themselves to the enforcement of applicable laws and legislation. In this regard, the KP should provide its members, in a manner consistent with its mandate, with the technical tools as well as the appropriate assistance that will enhance their capacity to apply the KPCS standards.

37. The rights and labour standards of alluvial artisanal diamond miners remain a challenge. The absence of organized structure for these miners poses a challenge to

the KP as they are largely unregistered and operate in conditions that make them vulnerable to buyers. Cooperation with civil society to improve the development impact of diamonds on artisanal mining communities will, therefore, sustain the KP in fulfilling its mandate by contributing to the curtailment of trade in illicit diamonds.

38. The need to maintain vigilance over diamond shipments of suspicious origin remains necessary following the detection and reporting of several such shipments by various participants over the past year. In this regard, effective and swift exchange of information is essential to bolster the capacity of participants to detect such shipments hereafter.

39. A further issue of concern is the gradual increase of cross-border online sales of diamonds, which has proved increasingly difficult to monitor and to ensure compliance of such trade with KPCS standards.

40. The Democratic Republic of the Congo, the Vice-Chair for 2010, will succeed Israel as KP Chair with effect from 1 January 2011 and the position of Vice-Chair for 2011 will be decided by KP participants according to the internal procedures.

Appendix I

2010 Kimberley Process communiqué

1. The eighth annual meeting of the Kimberley Process Certification Scheme (KPCS) was held from 1 to 4 November 2010 in Jerusalem. The meeting was attended by 42 participants in the Kimberley Process Certification Scheme. The World Diamond Council delegation and civil society attended the plenary as observers. Present at the meeting was also the World Customs Organization (WCO) which attended as guest of the Chair. Non-participating Governments that had previously indicated their interest in joining the KPCS were also present, including Swaziland, Kazakhstan, Burkina Faso and Mozambique.

2. The total number of participants in the Kimberley Process (KP) now stands at 49, representing 75 countries (including the 27 States members of the European Union, which participates as a single participant represented by the European Commission).

3. The plenary welcomes the application by the Kingdom of Swaziland to become a participant in the KP and has decided that its application as considered can be accepted without the need for further plenary approval, once the Participation Committee has verified and approved the Kingdom of Swaziland's final implementation of KP minimum requirements in its domestic system. Once this step has been completed, the admission of Swaziland to the KP will be confirmed by a KP Chair notice.

4. The plenary took note of results of the 2010 annual reporting process on KPCS implementation, as the main comprehensive and regular source of information on KPCS implementation by participants, and welcomed the submission of annual reports by 47 participants representing 73 countries. The plenary requested the KP Chair to engage with the two participants (Lebanon, Bolivarian Republic of Venezuela) that have so far failed to submit their annual reports so that they conform to this requirement.

5. The Participation Committee (PC) deliberated extensively on actual and prospective applicants. In particular, Kazakhstan, Mozambique, Burkina Faso, Mali, Panama, Kenya and Peru have expressed interest in joining the KPCS and are being assisted by the PC to submit their applications.

6. The plenary took note that the PC expressed its concern regarding non-compliance with the KPCS minimum requirements by the Bolivarian Republic of Venezuela and Lebanon and calls upon those countries to comply with their commitments to the KPCS as a matter of urgency.

7. The Committee on Rules and Procedures had four sessions during which it finalized the work on the administrative decisions, "Terms of reference for the Chair and the Vice-Chair of the Kimberley Process", "Procedures for preparation and adoption of documents/decisions in the Kimberley Process", and "Procedures for respecting confidentiality within the Kimberley Process". These decisions were adopted by the plenary. The Committee discussed the programme of its future work and preparation of the actual draft decisions on improvement of the rules and procedures of the KP.

8. The plenary adopted the administrative decision initiated by the Chair on the establishment of an Ad Hoc Committee for exploring the modalities of enhancing the efficiency of the KP with a view to providing administrative support for its activities.

9. The plenary took note of the conclusions of the 2010 annual reporting dialogue, and called on participants to submit consistent and substantive reports in line with the guidelines on annual reports. The plenary further called on participants to report systematically on enforcement of, and infringements to, KP rules, in the light of current efforts to enhance KP action in this respect.

10. The plenary took note of the preliminary findings of the Technical Experts Team on "import confirmation" and "Internet trading", and requested the Working Group on Monitoring to further steer technical expert teams' actions to assess implementation of import confirmation requirements and conduct research into cross-border Internet sales. The workplan of the Technical Experts Team on Internet trading was endorsed by the Working Group on Monitoring.

11. The plenary expressed concern that the Bolivarian Republic of Venezuela has not complied with the terms of the Delhi decision and has not taken the necessary steps towards its full reintegration into the KPCS. The plenary took note of the message conveyed by Brazil on behalf of Venezuela. The plenary decided that the Chair will approach Venezuela with the assistance of Brazil, notifying Venezuela of the plenary's decision to accept the extension of Venezuela's self-suspension from the KPCS for an additional one-year period, conditioned upon Venezuela's submission of its annual report for 2009 and subject to written procedure.

12. The plenary noted the findings of review visits to Belarus and noted that the report of the recent review visit to Bangladesh is expected shortly, and considered plans for review visits to be conducted in diamond-producing countries (Botswana, Canada, Lesotho, South Africa), manufacturing countries (India, Ukraine) as well as trading centres (United States of America) and welcomed the commitment of those countries to continuously open their certification systems to review and improvements.

13. The plenary reviewed implementation of the administrative decision on cooperation on KP implementation and enforcement, and welcomed the efforts of the Working Group on Monitoring to ensure coordination of KP actions in relation with the occurrence of fraudulent certificates and to facilitate the exchange of information in cases of infringement. The plenary called on participants to cooperate fully with the Working Group on Monitoring in this respect, and to regularly update specimen certificates on the KP website. The plenary welcomed the submission of reports on suspicious shipments by certain participants, further to the KP Chair notice on the detection and reporting of shipments of suspicious Marange origin. The plenary underlined the need to ensure effective implementation of the vigilance measures by all participants, and requested participants to report to the Working Group on Monitoring on their actions in this regard.

14. The plenary adopted an administrative decision initiated by the Chair on KP cooperation with the World Customs Organization, and tasked the Working Group on Monitoring and the Working Group of Diamond Experts to follow up on its implementation.

15. The plenary noted with appreciation the active involvement of the World Customs Organization in the enforcement seminar initiated by the Canadian and U.S. delegations, and facilitated by the Chair, conducted at the conclusion of the Tel Aviv intersessional meeting (24 June 2010). The seminar provided a platform to discuss domestic experiences on Customs, border control, smuggling and related enforcement efforts through inter-agency enforcement cooperation and was attended by WCO officials, KP participants and observers, and the plenary welcomed the submission of a final report by Partnership Africa Canada and the Governments of Canada and the United States on the seminar, as well as regional workshops organized by civil society, entitled "Diamonds without borders: an assessment of the challenges of implementing and enforcing the Kimberley Process Certification Scheme". The cooperation between the KP and WCO underscores the need for international cooperation between national and international enforcement organizations. Furthermore, through the WCO more effective interaction between the KP and Customs administrations of WCO members would be provided in order to exclude conflict diamonds from the legal trade and combat smuggling.

16. The plenary adopted an administrative decision initiated by the Chair which established, under the auspices of the Working Group on Monitoring, a Sub-Working Group on Trade Facilitation, which will address matters of technical obstacles to trade associated with non-KPCS compliance circumstances. The plenary selected Israel to Chair that sub-group and endorsed the Democratic Republic of the Congo, Botswana, Canada, China, the European Union, India, the Russian Federation, South Africa, the United States of America, the World Diamond Council and civil society as members of that Sub-Working Group.

17. As articulated in the KPCS core document, the 2010 KPCS plenary recognizes the devastating impact of conflicts fuelled by the trade in conflict diamonds on the peace, safety and security of people in affected countries and the systematic and gross human rights violations that have been perpetrated in such conflicts. The plenary took note of the ongoing discussions in the Working Group on Monitoring aiming at clarifying the relationship between the KPCS implementation and human rights, as proposed by civil society organizations. Views were raised on possible future discussions and some delegations expressed a wish to continue discussing this subject in the future, while others had reservations.

18. The plenary discussed the situation in Côte d'Ivoire in the light of Security Council resolution 1946 (2010), and of a report by Côte d'Ivoire. The plenary noted with concern indications of increasing diamond mining activity in northern Côte d'Ivoire, in violation of United Nations sanctions and KP decisions. The plenary supported further satellite monitoring by the Working Group on Monitoring and collaboration with the United Nations Group of Experts and requested the Working Group to pursue dialogue with representatives of Côte d'Ivoire regarding technical preparations for a future Ivorian certification scheme. The plenary called on participants to continue implementation of the vigilance requirements and report any shipment of suspected Ivorian origin.

19. The plenary reviewed efforts to strengthen KPCS implementation in West Africa. The plenary supported steps to strengthen Guinea's certification system and welcomed the geological assessment visit organized in that country and the efforts to ensure effective regulation and control of artisanal mining as positive developments. The plenary discussed the findings of the United Nations Panel of

Experts on Liberia regarding continuing challenges to KPCS implementation and appreciated Liberia's follow-up to recommendations from 2009 KP review visit. The plenary also discussed a report presented by a KP review team and decided to revise the specific arrangements applicable to Ghana's export under the Gaborone administrative decision. The plenary encouraged Ghana to continue efforts to strengthen internal controls and prevent illicit infiltrations of Ivorian diamonds. The plenary called on participants to consider supporting the efforts to strengthen KPCS implementation in West Africa.

20. The plenary took note of reports concerning the activities of certain rebel groups in the Central African Republic, and encouraged the Working Group on Monitoring and the Central African Republic to discuss possible cooperative engagement to continue monitoring of the issue.

21. The plenary took note of the submission of the draft follow-up Review Mission report to the Working Group on Monitoring by the team led by Mr. A. Kpandel Fayia, Deputy Minister of Mines of Liberia, and consisting of representatives from Australia, Ghana, India, Namibia, South Africa, the United States of America, the World Diamond Council, Global Witness and Green Advocates. The plenary lauded the efforts of the team in producing the report under difficult circumstances. The Working Group on Monitoring took note of the fact that Zimbabwe has the option to respond to or accept the report within 30 days of the report's submission.

22. Considerable efforts were made by participants to reach a consensus regarding Zimbabwe. Continuous negotiations are being conducted by the Chair and participants in order to reach a workable arrangement.

23. The plenary adopted on 3 November 2010 an administrative decision concerning the use of the Kimberley Process Certificates-based data. Participants are expected to implement the use of the KPC date of issue for reconciliation purposes by the first quarter of 2011. Any participants not using the KPC date of issue by that time should inform the Chair of the Working Group on Statistics.

24. As at 4 November 2010, three participants (Malaysia, New Zealand, Bolivarian Republic of Venezuela) have not complied with all of the statistical requirements of the KPCS. After the plenary meeting, the staff of the Working Group on Statistics will contact the non-compliant participants. Participants were informed that the third quarter data is due on 31 December 2010.

25. The members of the Working Group on Statistics had completed 48 country analyses for 2009 as of the writing of this report (4 November 2010) with the remaining one analysis (United States of America) yet to be completed. Notifications have been sent to all those participants whose analyses were completed. The Working Group on Statistics anticipates receiving participants' responses by the beginning of December 2010.

26. The Working Group on Monitoring and the Working Group on Statistics held a meeting to discuss suggestions for upcoming statistical analysis reviews. There is a proposal to conduct research on production and trade surrounding the Bolivarian Republic of Venezuela. The Working Group on Statistics will provide the Working Group on Monitoring with conceptual notes on how the Working Group on Statistics will conduct the statistical research for Venezuela.

27. The Working Group on Statistics will launch a pilot programme that will identify possible data anomalies. The purpose of this exercise is to review the KPCS data in a timely manner and on a quarterly basis. The expected results are that the Working Group on Statistics will be able to identify data anomalies prior to the annual country statistical analyses. The idea is to review the trade, production, and KP certificate count statistics from one period to the next and discuss these anomalies within the Working Group on Statistics.

28. The Working Group on Statistics reported that in 2009 the Kimberley Process monitored $25 billion in rough diamond exports, representing more than 317 million carats. Participants issued approximately 40,000 certificates to accompany those shipments.

29. The Working Group on Statistics has undertaken a critical review and rewrite of the methodology analysis process which is currently being used by its members to prepare the annual country statistical analyses. The Working Group on Statistics will continue to move forward with improvements to the document and will present the draft as a proposal for adoption upon completion of the exercise.

30. The Working Group of Diamond Experts informed the plenary on the status of the work performed on footprinting diamonds from Guinea, Liberia and Sierra Leone in order to bolster the capacity of the West African KP authorities to address potential contamination of their own productions by sanctioned Ivorian diamonds. The Working Group also informed the plenary about the ongoing work on the geological production capacity of Guinea, and the update of the footprint and preliminary production estimate of Marange diamonds from Zimbabwe.

31. The plenary took note of the preparatory work conducted by the scientific Sub-Group on Characterization and Identification of Rough Diamonds of the Working Group of Diamond Experts on scientific research on origin determination of sanctioned diamonds from Côte d'Ivoire as mandated by Security Council resolution 1893 (2009). However, to date no diamond exports for scientific research under the exemption regime have been realized.

32. The Working Group of Diamond Experts informed the plenary that it has completed the collection of the data in order to establish a valuation data matrix. This information will be available to KP participants through the KP website.

33. The plenary also noted that work on amending the explanatory notes of the relevant HS-codes is progressing well and that this is expected to result in a significant reduction of classification challenges.

34. The WCO has agreed to present on the HS classification system at the next intersessional meeting.

35. The plenary took note of the discussions in the Working Group on Artisanal and Alluvial Production on fraud and smuggling diamonds; mechanization of artisanal diamond exploration; illegal immigration driven by the artisanal diamond activity; and the implications for the relationship between the participants.

36. As a follow-up to the seminar on enforcement held in Israel, the Working Group on Artisanal and Alluvial Production recommended the organizing of an additional seminar at the subregional level.

37. The plenary took note that members of the Working Group on Artisanal and Alluvial Production were concerned about the need to ensure that the production of diamonds meets the expectation of consumers for ethical products in the context of protecting the reputation and value of diamonds. In that regard, both the African Diamond Producers Association and the Diamond Development Initiative are requested to assist the Working Group in the elaboration and implementation of standards for ethical production of diamonds.

38. The plenary took note that in accordance with the procedure outlined in the KP administrative decision on sharing information with the United Nations, the KP granted access to the Panel of Experts on Liberia and the Group of Experts on Côte d'Ivoire to the participants section of the KP rough diamonds statistics website.

39. The plenary welcomed the Israeli initiative to develop the KPCS website and Facebook page.

40. The plenary welcomed Israel as the incoming Chair of the PC for 2011.

41. The plenary will take a decision on the Vice-Chair for 2011 by written procedure.

42. The plenary has thanked Israel for hosting this plenary session and appreciated the hospitality extended to the delegates.

43. The plenary expressed appreciation to Israel for its efforts as Chair to strengthen the international implementation of the Kimberley Process in 2010. The plenary noted with satisfaction the efforts of the Chair to bring greater exposure of the KP to the wider public, to increase cooperation with the WCO to prevent the smuggling of conflict diamonds, and to enhance the effectiveness of the KP and methods to support its administrative activities. Israel's handling of sensitive and difficult issues, and its initiatives to enhance the Kimberley Process, is recognized by all participants and observers.

44. The plenary welcomed the Democratic Republic of the Congo as the new Chair for the year 2011.

Appendix II

List of Kimberley Process participants, as at 4 November 2010

1. Angola
2. Armenia
3. Australia
4. Bangladesh
5. Belarus
6. Botswana
7. Brazil
8. Canada
9. Central African Republic
10. China
11. Congo
12. Côte d'Ivoire
13. Croatia
14. Democratic Republic of the Congo
15. European Union
16. Guinea
17. Ghana
18. Guyana
19. India
20. Indonesia
21. Israel
22. Japan
23. Korea (Republic of)
24. Lao People's Democratic Republic
25. Lebanon
26. Lesotho
27. Liberia
28. Mauritius
29. Malaysia
30. Mexico
31. Namibia
32. New Zealand
33. Norway
34. Russian Federation
35. Sierra Leone
36. Singapore
37. South Africa
38. Sri Lanka
39. Switzerland
40. Tanzania (United Republic of)
41. Thailand
42. Togo
43. Turkey
44. Ukraine
45. United Arab Emirates
46. United States of America
47. Venezuela (Bolivarian Republic of)
48. Viet Nam
49. Zimbabwe

Notes

- The rough diamond-trading entity of Taipei, China, has also met the minimum requirements of the KPCS.
- Côte d'Ivoire is currently under United Nations sanctions and is not trading in rough diamonds.
- The Bolivarian Republic of Venezuela has voluntarily suspended exports and imports of rough diamond until November 2011 (subject to approval of the KP participants).
- The Kingdom of Swaziland will be accepted as full participant once the Participation Committee has verified approved the Kingdom of Swaziland's final implementation of KP minimum requirements in its domestic syst

Working Group on Artisanal and Alluvial Production

Chair: Mr. Paulo Mvika (Angola)

Members: Angola, Brazil, Central African Republic, Democratic Republic of the Congo, Ghana, Guinea, Guyana, Liberia, South Africa, Sierra Leone, United Republic of Tanzania, Togo, Zimbabwe, civil society

Regional coordinators: Sierra Leone (West Africa), Democratic Republic of the Congo (Central and Southern Africa), Brazil (Latin America)